



Fair Political Practices Commission

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NEWS RELEASE

For Immediate Release:
May 30, 2003

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Appellate court affirms FPPC position in 1995 case, orders fine paid *\$808,000 fine in campaign disclosure case largest in agency's history*

The 3rd District state Court of Appeal in Sacramento has affirmed a lower court decision in a campaign disclosure case against "Californians against Corruption," a campaign committee formed primarily to fund an unsuccessful effort to recall then-state Senate President Pro Tempore David Roberti.

The committee was fined \$808,000 by the FPPC in 1995 for more than 400 violations of the Political Reform Act – the largest enforcement fine ever levied by the agency since it was established in 1975. The FPPC filed suit against the committee and its treasurers, Carl Russell Howard and Stephen J. Cicero, in 1996, to convert the fine into a civil judgment.

Sacramento Superior Court Judge Charles Kobayashi ruled in favor of the FPPC in March 2001, and entered a judgment against the defendants for \$808,000, along with \$287,513 in interest. The defendants then appealed that judgment, claiming the fine had been improperly imposed by the FPPC.

The appellate court decision affirming Kobayashi's ruling was issued yesterday (Thursday, May 29) by Acting Presiding Justice George Nicholson, with concurrence by Justices Vance Raye and Fred Morrison. **The appellate court [ruling](#) is available on the FPPC Web site at www.fppc.ca.gov.** The link can be found in the web version of this press release. Click on the "Press Center" at the top of the home page, then "Press Releases."

"This is a case in which the defendants deliberately violated the Political Reform Act, after repeated warnings, by refusing to disclose information about their financial backers," said FPPC Enforcement Division Chief Steven Russo, who argued the case before the appeals court, along with staff counsel Julia Bilaver. "The FPPC therefore instituted enforcement proceedings, in which the defendants declined to participate."

"We are gratified the court confirmed that the FPPC followed all required procedures for imposing the fine, and upheld the ability of the FPPC to collect significant fines for serious violations," he added.

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CAC and its campaign treasurers were charged with 404 counts for a multitude of campaign disclosure violations, including not reporting the source of contributions – an offense regarded by the FPPC as one of the most serious violations of the Political Reform Act. Each count carried a maximum possible fine of \$2,000.

The fine was approved as a default decision in 1995 by the commission, after those charged did not participate in the administrative proceedings or respond to various notifications throughout that process. Most FPPC enforcement actions are resolved administratively through stipulated agreements among the parties.

Violations of the Political Reform Act now carry a maximum fine of \$5,000 per count as a result of Proposition 34, the campaign finance reform measure passed by voters in 2000, which raised the fine limit effective January 2001.

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